

TESTIMONY OF
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ON BEHALF OF
THE US RICE PRODUCERS ASSOCIATION
AND
THE USA RICE FEDERATION
BEFORE THE
SUBCOMMITTEE ON SPECIALTY CROPS
AND FOREIGN AGRICULTURE PROGRAMS
OF THE
HOUSE COMMITTEE ON AGRICULTURE
A REVIEW OF FOOD AID PROGRAMS

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Introduction

Good morning, Mr. Chairman and Members of the subcommittee. Thank you for this opportunity to testify today with regard to food aid programs.

My name is John Lestingi and I am Vice President of The Rice Company. The Rice Company provides end delivery service for agricultural commodities on a world-wide basis. We participate in U.S. food aid programs by providing commodities, including rice that is processed at our handling facilities and rice mills in Arkansas and Louisiana. We also provide shipping services for food aid cargoes.

My testimony today is on behalf of the US Rice Producers Association (USRPA), which represents U.S. rice growers and the USA Rice Federation, which represents U.S. rice growers, millers, merchants, exporters and allied industries. Rice is grown in seven states including Arkansas, California, Louisiana, Mississippi, Missouri, Texas, and Florida.

The U.S. rice industry supports a sound food aid policy and meaningful funding levels for it. The United States has a long and proud tradition of meeting the emergency and developmental food aid needs of people across the globe. U.S. food aid allows our producers the ability to share the bounty of U.S. agriculture with those in need. We believe U.S. food aid policies and programs serve the needs of foreign recipients, U.S. agriculture, and the policy objectives of the United States.

Rice Use in Food Aid

U.S. rice is used in the Food for Peace Programs (P.L. 480 Title I and Title II), the Food for Progress Program, the McGovern-Dole International Food for Education and Child Nutrition Program, the 416(b) Program, and the Bill Emerson Humanitarian Trust.

In Fiscal Year 2004, U.S. rice exports used for food aid amounted to 205,500 metric tons valued at \$69.5 million for all food aid programs. Also, since Fiscal Year 2003, the U.S. rice industry has been able to use fortified rice in food aid sales. Specifically, this has resulted in sales of approximately 29,000 metric tons of fortified rice to the Philippines through the Food for Peace Title I program.

Nutritional Value

Rice is an ideal food aid product. It is nutrient-dense, providing complex carbohydrates and over 15 essential nutrients to the diet, with just over 100 calories in a half-cup serving.

Cultivated in more than 100 countries and on every continent except Antarctica, rice is a primary staple for more than half the world's population.

An important property of rice as a food source is its ease of digestibility, particularly for high-risk populations such as HIV/AIDS patients and others, which have impaired

digestive systems and a lower utilization of food nutrients that leads to malnutrition. This digestibility characteristic makes rice increasingly important for meeting the food aid needs of people in many of the world's developing countries that are suffering from malnutrition and disease.

In addition, rice provides:

- More than 25 percent of the developing world's per capita energy (calorie) consumption;
- Twenty percent of the dietary protein intake in the developing world;
- A source of vitamins and minerals, including the B vitamins, thiamin and niacin;
- A low probability of allergic reaction; and
- An easy to prepare and transport food source.

Also, rice is eight percent protein and rich in complex carbohydrates.

Furthermore, as a highly-nutritious and healthy food source in general, recent research suggests that U.S. consumers who eat rice have healthier diets and that including rice as part of a healthy, balanced diet can be linked to overall healthier eating patterns. Rice can:

- help consumers attain a healthy weight, be well nourished, and physically active; and
- complement and partner with other nutritious foods, like vegetables, beans, fish, lean meat and poultry for a well-balanced diet.

Food Aid Programs and Funding

Mr. Chairman, we strongly support meaningful funding for U.S. food aid programs. The U.S. role as a compassionate world leader is enhanced by food aid, and U.S. food aid programs reflect the generosity of U.S. agriculture.

The funding levels for the various U.S. food aid programs are also supportive of our domestic and foreign policy objectives. For these reasons, we have strongly supported maintaining P.L. 480 Title I funds and \$2.0 billion in FY 2006 funding for the P.L. 480 Title II Program. The rice industry is the largest user of P.L. 480 Title I program. We support food aid authorization levels that enable effective funding levels through annual appropriations.

We are very appreciative of the efforts of this subcommittee during the 2002 Farm Bill debate to improve the food aid programs and increase funding authorizations and minimum purchase levels. Specifically, the funding caps for transportation and administration were increased in the Food for Progress program and a minimum level of commodities to be purchased was established.

For the Food for Peace program, the 2002 Farm Bill made improvements in shipping, transportation, and handling of U.S. commodities to developing countries and streamlined the program management. The legislation increased the minimum amount of commodities to be purchased to a more reasonable level given the demands on the program.

The Bill Emerson Humanitarian Trust, a food reserve managed by USDA, is authorized to hold up to 4 million metric tons of U.S. rice, wheat, corn, and sorghum. Currently, the trust is holding 1.4 million metric tons of wheat and \$89 million in cash, which can be used to purchase commodities not in the trust. Mr. Chairman, we would encourage USDA to make full use of this food aid tool as unanticipated emergency needs arise by purchasing U.S. rice for emergency humanitarian food needs. The last release from the trust was in December of 2004.

One concern we have is the proposal in the Administration's FY 2006 budget proposal to shift \$300 million of P.L. 480 Title II funding to the U.S. Agency for International Development (USAID) from the U.S. Department of Agriculture (USDA). We believe this funding should remain with USDA.

Under the Administration's proposal, USAID could use the funding to purchase commodities other than U.S. sourced to provide as food aid. We believe this would be the wrong precedent to set in food aid policy and would send the wrong message to America's farmers if our government starts purchasing foreign commodities for food aid purposes.

We appreciate the U.S. House of Representatives approving the FY 2006 Agriculture Appropriations bill that would maintain the funding at USDA rather than USAID. We encourage you and your colleagues to ensure this is maintained as the appropriations process moves forward this year.

We strongly supported \$470 million in FY2005 emergency food aid to tsunami victims and other hungry and malnourished victims of natural disasters, war and similar catastrophes. We understand the many demands for additional FY 2005 funding, which limited how much could be made available for food aid, and we appreciate the \$240 million provided by Congress as part of the FY 2005 emergency supplemental appropriations bill.

Recently, our organizations cosigned a food aid coalition letter to House and Senate Appropriations Committees with regard to our proposed funding and policy levels for the next fiscal year. A copy of that letter is attached as part of our testimony. The coalition letter gives specific funding recommendations for the various food aid programs. From an authorization perspective, the letter identifies the important food aid programs that should be continued.

Food Aid and WTO Negotiations

The U.S. rice industry's objective in the World Trade Organization (WTO) Doha Development Round is to ensure that any new rules permit the U.S. to continue to provide food aid through P.L. 480, Title I. The industry is working to develop options for new disciplines that would continue to allow concessional sales as well as donations while guarding against the displacement of commercial shipments.

We are also concerned about any new rules that would require food aid to be provided in the form of cash grants or exclusively through international organizations. We see no benefit towards strengthening global food security from either proposal, and any mandated requirement that food aid be provided exclusively as cash would undercut the strong support within agriculture for food aid.

Trade negotiators should proceed with caution in order to avoid creating rules that inadvertently discourage countries from providing necessary assistance. Some food aid recipient countries have expressed concern about the possible effect of new disciplines on food aid. The goal of negotiations should be to develop a set of rules aimed at preventing the displacement of commercial sales by concessional food aid shipments.

Conclusion

As active participants in the food aid coalition, the rice industry looks forward to continuing to work with you and Members of the subcommittee on food aid issues. Please let us know if we can provide the subcommittee with any additional information.

Thank you for the opportunity to testify today and I would be happy to answer any questions.